EBOOK

Building the connected retail experience

Leveraging smart retail to create an integrated value chain



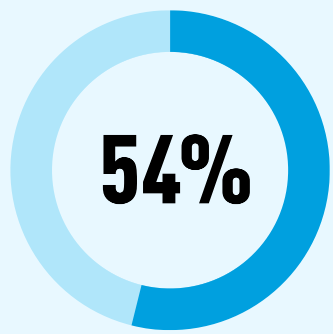
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Introduction

INDUSTRY INSIGHTS

The retail landscape has been completely reshaped. Convenience, value, and availability drive new customer acquisition, so retailers must create a seamless customer experience across all channels. Business agility is now an imperative, and knowing how to pivot to capture new trends in customer behaviors is instrumental to thriving in the industry.

Retailers are doubling down on digital transformation efforts, further embracing the rise of digital commerce and omni-channel interactions. As customer expectations evolve, so too must retailer strategies.



OF CONSUMERS FEEL RETAIL TEAMS ARE DISCONNECTED

An important part of driving customer satisfaction will be the seamless customer journey through each retailer's buying channels. Yet, 54% of consumers generally feel that retail teams across sales, service, and marketing don't share information. That sentiment can be traced to the fact that 90% of organizations have issues related to data silos, and only 20% of retailers report being able to completely integrate end-user experiences across all channels.



OF RETAILERS REPORT BEING ABLE TO DELIVER CONNECTED END-USER EXPERIENCES

These data silos result from disconnected systems, many of which rely on aging technology and legacy infrastructure, making the idea of building a connected retail experience seem impossible. But customer expectations won't wait. Through

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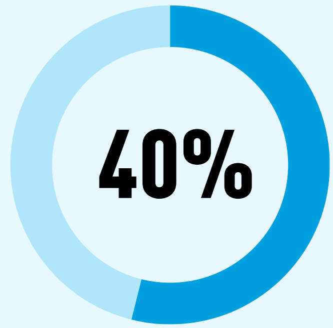
integration, multiple systems can be kept synced and up-to-date, allowing you a singular view of data in real-time. Integration is mission-critical to unlocking a connected retail experience.

However, building a fully connected and personalized retail experience is only possible with the support of IT teams. Traditional methods rely on creating custom integrations that are costly to build and maintain and often can't be reused across systems. These ballooning costs contribute to the average retailer spending $3.4 million per year on integration-related IT labor costs.

Still, in some cases, this monumental investment is still not enough to address the gap between the status quo and customer expectations, as the majority of IT teams report being strained beyond capacity. According to the 2021 Connectivity benchmark report, IT teams are falling behind in completing all projects asked of them, with fewer than 4 in 10 fulfilling their project commitments to business stakeholders. Much of this can be attributed to the rising demand on teams, but we also see a gap in technical skills to address the growing necessity for connectivity across systems.

Traditional integration takes time – time that IT teams don't have. Digital commerce grew by 58% YoY globally in Q1 of 2021, driven by increased web traffic and basket size. Yet, with IT spending more than a third of their time designing, building, and testing custom integration, most teams are struggling to keep up. The strain is even more amplified when retailers begin to grapple with the sheer magnitude of the task: myriad systems are growing exponentially with each day.

Strained IT teams:



ARE KEEPING UP WITH THEIR PROJECT LOAD

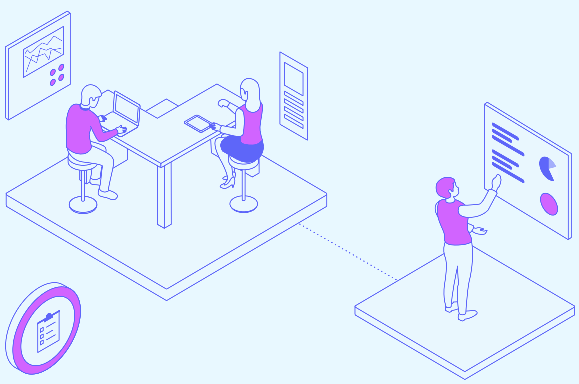
What is becoming increasingly clear is that simply investing in new technology is not the silver bullet to solving retail's challenges; you cannot buy your way out of digital disruption. Rather, the secret to retail digital transformation lies in a new approach with the right technology to enable agility and

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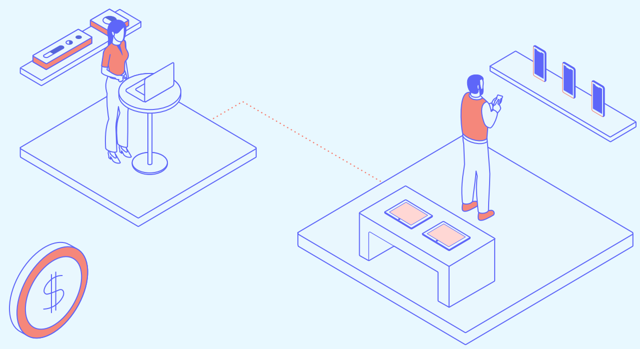
drive insights. An organizational shift in the IT culture and a well-thought-out integration strategy will ensure your technology works together, and that will help lay an agile and adaptable digital foundation, allowing you to build a connected experience now and for the future.

A connected experience requires an integration strategy across the entire retail value chain:



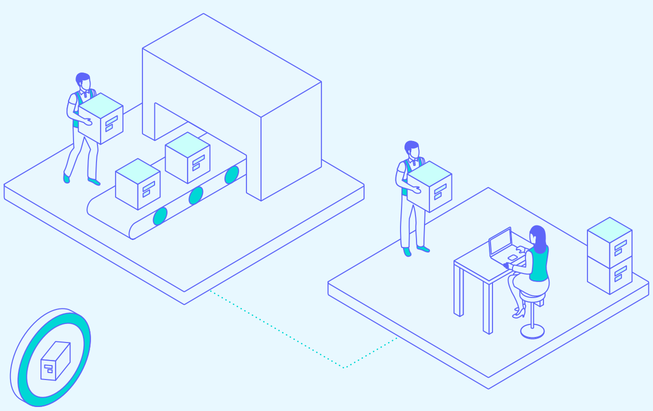
01. PLAN

Leverage data and analytics to inform your planning cycle.



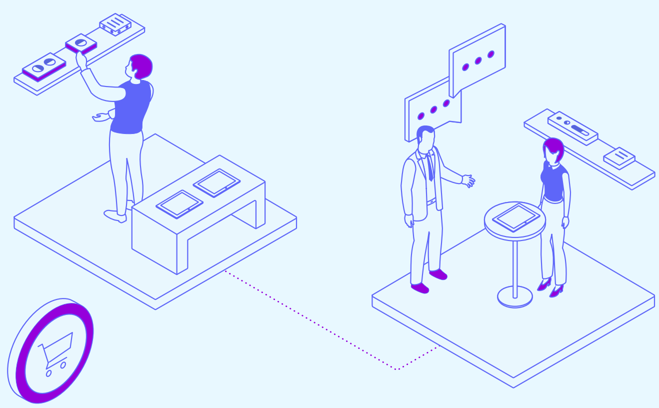
02. BUY

Improve decision-making and focus on buying the right inventory.



03. MOVE

Drive operational excellence centered around an efficient and visible supply chain.



04. SELL

Grow customer engagement by meeting the customer wherever they are.

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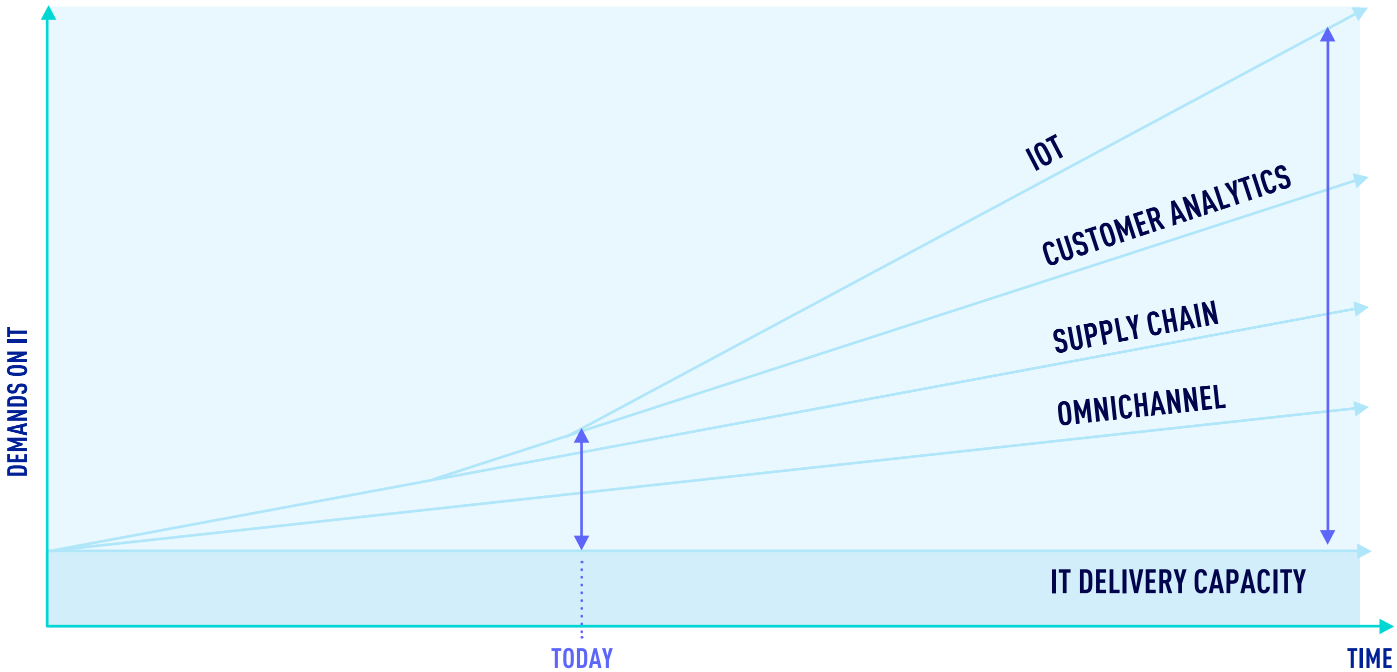
A custom integration solution for each business function will create a fragmented approach that, in return, leaves no room for reusability, leaving IT teams unable to deliver on the growing number of requests. The lack of agility and resources diminishes the ability of your IT team to deliver projects on time, creating technical debt. Downstream, these delays create a bottleneck in your organization and diminish your competitive advantage.

To address this siloed approach to retail digital imperatives, you must increase both speed and scale at which your organization can digitally transform – and the best way to enable this is through API-led connectivity.

API-led connectivity is the integration strategy that connects all your systems and devices across the retail value chain. This approach gives you the agility needed to address new trends and rapidly shifting customer demands in a constantly changing retail landscape. It enables reuse, thereby speeding up the clockwork of your business, all while keeping your data and systems secure, future-proofing the business by better preparing teams for what's next.

Now, let's dive into the vital role API-led connectivity plays in each part of the retail value chain.

Increasing demands on IT



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Plan

In a retail world characterized by massive amounts of societal and technological change and where buying cycles get ever shorter, planning is crucial. We view planning as a key part of achieving business agility. Retailers cannot afford to lose any of their already thin profit margins, so getting it right can mean the difference between a good quarter and a bad one as planning touches so many different aspects of a retail business.

Accurate planning is a matter of data integration

The availability of real-time customer data is ever-increasing. However, having access to so much customer data means nothing without the ability to synthesize the data and incorporate it into business strategies. To plan effectively, businesses must establish a single view of their customers and use all the data that each customer generates as the basis of their planning strategy. Improving forecast accuracy, for example, can have a significant impact on the bottom line by reducing overstocked inventory, discontinued products, expedited shipments, additional fulfillment centers, and other non-value-added triggers.

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Yet, the various data streams retailers possess are often unintentionally siloed within separate departments or across different systems. Unsurprisingly, 66% of organizations report that making changes to IT systems and applications is difficult because of their existing infrastructure. As businesses employ SaaS and cloud-based applications, outdated and inflexible legacy systems make it difficult to streamline data integration across contrasting architectures. And, for retailers growing through acquisitions, the lack of connectivity between systems can create even more silos, exacerbating the issue of disparate data and further disrupting operational excellence.

By implementing a holistic, API-led strategy, true data integration can be achieved, giving retailers the ability to unlock legacy systems and provide an infrastructure that adapts to growing technology systems and customer expectations.

This approach allows for real-time availability of data, consumable and reusable by anyone who needs it throughout the business. As a result, you will see improved customer satisfaction and increased revenue and margins.

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CUSTOMER STORY

Asics: Faster data integration allows for better planning to deliver an improved customer experience

Global athletic footwear and apparel company, ASICS, specializes in improving runner performance, but the company faced a challenge with digital performance. ASICS had chosen a new eCommerce platform but was unable to connect disparate systems – such as order management and product management – for the company's seven growing brands worldwide. ASICS was struggling to deliver a seamless and consistent customer experience and generated only a small percentage of revenue through eCommerce. The company needed a new approach to engage customers directly via digital channels and compete with online retail giants.

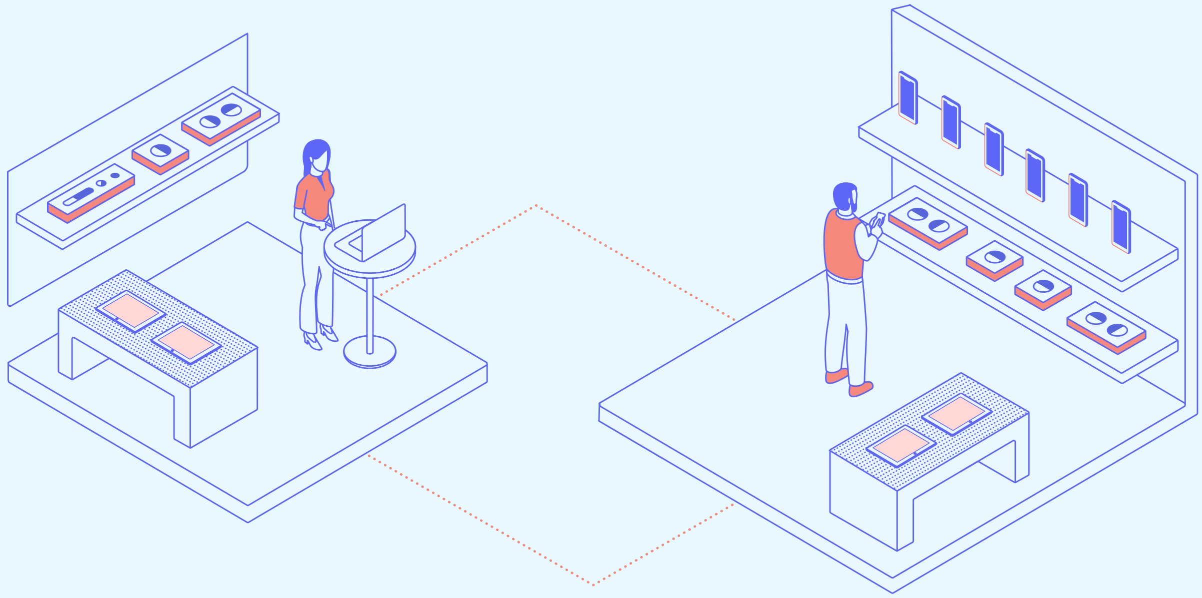
Utilizing MuleSoft Anypoint Platform, ASICS built APIs to allow the new eCommerce platform to access customer information, order status, real-time inventory, pricing – all the data previously held in various silos. In the first phase of the project, ASICS connected more than 10 critical product management systems to the eCommerce platform via MuleSoft.

Learn more about how data integration helps to inform the planning cycle at ASICS.

"MuleSoft has been great for our ability to reuse code. We are able to reduce development time because we can reuse components across multiple applications."

PHIL CONNAUGHTON,
DIRECTOR OF ENGINEERING,
ASICS DIGITAL

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Buy

In this increasingly complex retail ecosystem, the buying process now expands across numerous global vendors and partners and is punctuated by competition. To make informed buying decisions, it's necessary to have a single view of your inventory position coupled with aggregated consumer preferences.

Accelerate real-time inventory visibility

In this fast-paced industry, buying the right inventory at the right time is crucial. Because buying today touches so many systems – purchase order management, ERP, financial systems, partner systems, and more – linking them together is essential to obtain the necessary data to make data-driven decisions.

Increased customer demands, for example, paired with the ease of finding and buying from a competitor via digital commerce means retailers cannot risk being out of stock. Yet, product inventory data may exist in centralized legacy ERP systems, while activities in physical stores are siloed, without communication about purchases until the end of the day or later in some cases. This creates an unfortunate lag in replenishment which disappoints customers and ultimately impacts revenue.

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With an API-led approach, disparate systems can be linked and composed to create a single, real-time view of sales, inventory levels, and purchase order statuses. Sharing information and providing visibility into both front-end and back-end systems increases productivity and simplifies the buying process. Streamlining retail operations results in improved communication between stores, distribution and fulfillment centers, commerce platforms, partners, and headquarters. It also gives buying teams the ability to surface real-time inventory data to place new orders according to demand or even reduce inventory in specific locations, increasing the ability to have the right amount of inventory at the right store at the right time.

By taking the time to develop a holistic integration strategy, you can achieve greater efficiency in the buying process, empowering your teams to be data-driven and make smarter buying decisions that lead to lasting, positive experiences for your customers.

Technology drives retail success



TECHNOLOGY LEADS TO ORGANIZATIONAL ENABLEMENT; THAT LEADS TO CUSTOMER SUCCESS; AND THOSE DELIVER HIGH-IMPACT BUSINESS OUTCOMES.

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CUSTOMER STORY

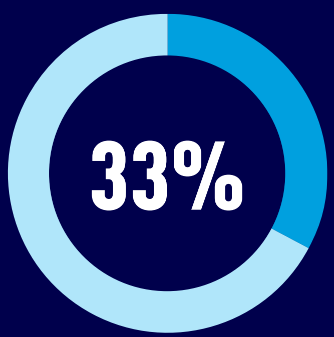
Buffalo Wild Wings: Enabling real-time inventory data to inform buying decisions in the connected restaurant

Faced with the challenge of managing real-time beverage inventory across 1,200 stores, Buffalo Wild Wings needed a real-time monitoring technique and a better understanding of inventory. This was an IT challenge considering that the company needed to configure all new beer items in POS systems before a restaurant can begin selling a new beer to a guest. Additionally, it was a business challenge to ensure restaurants understood the actual beer inventory usage across all restaurants to help drive future purchasing decisions.

To address these challenges, Buffalo Wild Wings turned to technology leaders: BeerBoard, an industry expert offering a beer management application; Capgemini, a leading technology consultancy; and MuleSoft, a leader in enterprise integrations, to help implement the solution.

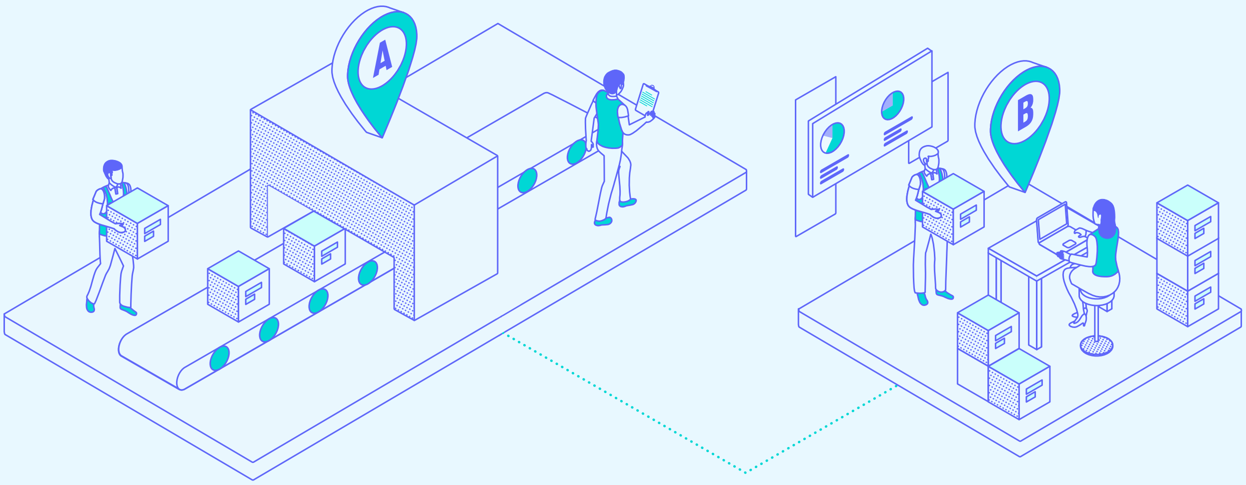
Having access to real-time pour data extends the company's visibility to beer inventory. The real-time, accurate flow data is available to Restaurant Managers, the Field Leadership Team, and Business and Analytics teams, reducing time and effort to extract and crunch data as well as equipping teams to make more informed business decisions.

Learn more about how Buffalo Wild Wings is tapping into IoT to make data-driven buying decisions.



REDUCTION IN CYCLE TIMES

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Move

Customers are becoming increasingly accustomed to receiving their purchased goods almost immediately. And because of low switching costs, these customer expectations are driving operational shifts to increase speed and visibility across the supply chain.

Today, supply chain management can no longer solely be a back-office activity. A company's ability to quickly move goods has invited scrutiny from every link in the retail value chain as inventory management, logistics, and distribution are top-of-mind in an effort to deliver goods more swiftly and efficiently. To remain competitive, retailers must leverage their current systems alongside new technology to help them future-proof their supply chain.

Digitizing a global supply chain with APIs

To adjust to the necessity for efficient supply chain operations, most businesses depend on Central IT to deliver the technological infrastructure for supply chain logistics. Unfortunately, supply chain logistics work across many systems like warehouse management, transportation management, RFID, and more.

As a result of these challenges, IT teams often resort to custom solutions to bridge

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the gap, requiring them to build out project after project. That backlog of projects is so great that IT is losing the capacity to deliver solutions to the business on time.

Linking systems together and having them all in one place is critical to obtaining the necessary data to ensure smooth, seamless product delivery. Luckily, as supply chain management becomes more international, complex, and dynamic, there are more tools and data than ever to help retailers with the move process.

In the supply chain context, an API-led connectivity approach provides both the flexibility to work with different partners and easily roll out updates while retaining control over core ERP systems.

To remain competitive, retailers must leverage their current systems alongside new technology to help them future-proof their supply chain.

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CUSTOMER STORY

Land O'Lakes: Moving and managing inventory more efficiently with integrations

Land O'Lakes is a farmer-owned cooperative whose legacy systems lagged since integration with SaaS applications required additional code and different technologies to deliver end-to-end integration. Data had to hop between different servers, and those servers required upgrades and patches that took time. The company had to divert point-to-point integrations rather than a more easily consumable model.

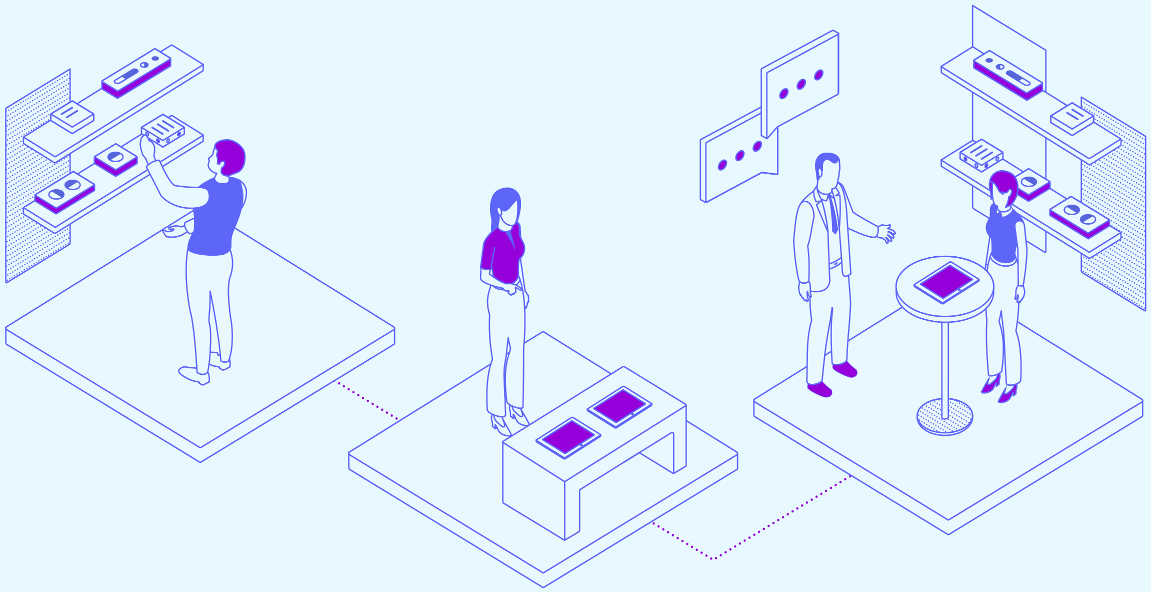
Land O'Lakes sought the agility to build business solutions, with the capability for functional teams to discover and have visibility of the assets built on the platform.

Using an API-led approach, Land O'Lakes has delivered business value, realizing about 25% productivity gain in delivering the integrations without the need to manage any infrastructure. It has seen about 20% reuse of process and system APIs for its transportation cloud project.

Learn more about how Land O'Lakes and others have pivoted their operations to become more integrated, transparent, and scalable businesses.

> **"MuleSoft for us was a strategic fit for delivering software digital and eCommerce initiatives."**
>
> SAMPATH KURRA, SR. IT MANAGER, ENTERPRISE APPLICATION INTEGRATION, LAND O'LAKES

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Sell

Digital transformation has drastically impacted the selling part of the value chain; its scope now expands to comprise not only store operations but eCommerce, marketing, loyalty, and service. Retailers are now responding to a digitally-enabled customer in both B2C and B2B. With more customers using app-enabled solutions throughout their daily lives, they expect the same level of seamless connectivity throughout all of their buying experiences.

Building a seamless omnichannel experience

With this shift in buyer expectations, retailers can no longer simply rely upon product transactions to build relationships with customers; rather, you must pivot to offer an experience to entice customers to enter your stores and engage with your brand.

Differentiation can be key to increasing foot traffic and encouraging consistent return visits. For example, Harrods, a London-based luxury department store, recently added a 10,500 square-foot extension to offer customized services for skin and spa services. Tesco, a large European grocery chain, now offers a “relaxed” checkout lane to offer an improved experience for

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customer who might need more time to check out. Others are further investing in click-and-collect since this purchasing option grew 106.9% in 2020 and is expected to grow another 15% in 2021.

More valuable still is personalization, which can help build customer relationships and brand loyalty beyond brick-and-mortar interactions. A recent report found that 66% of consumers feel like they're being treated like a number. In response, some retailers are even offering appointment buying to deliver a more personalized shopping experience for customers. By delivering relevant and personalized offers, customers are more likely to patronize a business and continue coming back to the brand, either in-person or via digital channels.

As you strive to deliver a seamless omni-channel experience, it is important to recognize the importance of agility. New channels and platforms emerge rapidly, so creating the capacity for change in your organization – no matter which channels your customers, employees, and partners want to use across the business – is critical to remaining ahead of the competition. Remember, agility isn't about completely replacing legacy systems; agility means adopting a culture where new technology can help bridge the gaps between systems, teams, and customer experiences.

An API-led approach to connectivity will allow old and new systems to seamlessly coexist to deliver an omnichannel experience. By driving reuse of APIs, you can deliver consistency across channels at the speed that customers expect.

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CUSTOMER STORY

Pilot Flying J: Driving omnichannel experiences for 1.6M travelers and truck drivers per day

Founded as a single gas station 60 years ago, Pilot Flying J has grown to become the largest operator of travel centers in North America, with over 750 locations serving more than 1.6 million professional drivers and traveling motorists daily. Behind the scenes, IT systems were siloed or connected via one-to-one integrations, making critical data inaccessible.

To achieve Pilot Flying J's omnichannel vision for delivering personalized, digital experiences, the team had to unlock data from hundreds of siloed back-end systems. Using MuleSoft's Anypoint Platform, Pilot Flying J replaced legacy middleware and custom code with flexible, reusable APIs. This allowed them to connect a range of back-end systems with Salesforce systems, including Sales, Service, and Marketing Clouds.

By taking an API-led connectivity approach to unlocking product, inventory, loyalty rewards, and customer profile data, Pilot Flying J was able to launch an industry-leading mobile app: myPilot.

Learn more about how Pilot Flying J is delivering a seamless customer experience to keep driving customer loyalty.

2X

INCREASE IN YOY APP USER GROWTH

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Conclusion

The customer is driving the changes to the retail industry landscape, and retailers must evolve with them or risk being left behind. With increasing competitive pressures from tech-driven startups disrupting the retail space, retailers face growing pressures to accelerate their go-to-market strategies in the face of shrinking margins.

The difference between thriving retail businesses and those that are struggling is the ability to deliver connected experiences for customers. The winners in retail are those able to meet customers' needs both today and in the future. In a world where those needs are as much about the customer experience as about the product, technology becomes the critical differentiator. It's not just about how you use technology but how agile and flexible your IT function is.

API-led connectivity provides a means for retailers to transform IT from a bottleneck hindering innovation into a platform that enables the rapid delivery of innovation. Over time, this approach can lead to more holistic views of the customer, enabling a more personalized, connected retail experience. By embracing an API-led strategy, retailers can respond to today's industry disruption and put themselves in a position to easily accommodate whatever business needs emerge in the future.

"In a world where those needs are as much about the customer experience as about the product, technology becomes the critical differentiator. It's not just about how you use technology but how agile and flexible your IT function is."

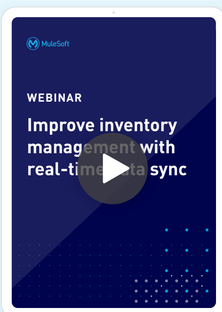
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Start your transformation



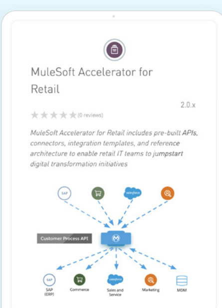
Deliver a better customer experience

Create seamless omnichannel impressions. Improve operational efficiency. Gain a 360-degree view of the customer. Discover solutions catered to the retail industry to help you build a winning digital transformation strategy with API-led integration.



Improve operations for real-time insights

Retailer, Sally Beauty, met the challenge of rising demand of digital commerce with connected omnichannel experiences. Watch this on-demand webinar to learn more about how they used an API-led strategy to improve operational efficiency.



Begin your free trial

Unlock critical data to tackle the most complex business solutions with MuleSoft Accelerator for Retail. Get started with access to a free trial of MuleSoft Anypoint Platform to put the pre-built APIs, connectors, and implementation templates to the test and see how it can drive business value.

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MuleSoft

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MuleSoft, the world's #1 integration and API platform, makes it easy to connect data from any system — no matter where it resides — to create connected experiences, faster. Thousands of organizations across industries rely on MuleSoft to realize speed, agility and innovation at scale. By integrating systems and unifying data with reusable APIs, businesses can easily compose connected experiences while maintaining security and control. Through API-led connectivity, customers unlock business capabilities to build application networks that deliver exponentially increasing value. MuleSoft is the only unified platform for enterprise iPaaS and full lifecycle API management, and can be deployed to any cloud or on-premises with a single runtime.

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